

Indonesia's FSA Introduces New Era of Fit and Proper Tests for Digital Assets Sector

Prepared by:

Andre Rahadian (Partner), Mika Isac Kriyasa (Partner), and Gabriela Zefanya Hartanto (Associate)

Indonesia's digital finance and crypto sectors are entering a new era of regulatory scrutiny. The rapid rise of financial technology, digital financial assets, and crypto asset trading has generated unparalleled opportunities for innovation, yet has also exposed the market to governance, security, and integrity risks that demand decisive regulatory oversight.

As part of Indonesia's broader financial sector reforms, regulatory oversight of digital financial assets and the crypto sector has been formally transferred from the Futures Exchange Supervisory Agency (*Badan Pengawas Perdagangan Berjangka Komoditi* or "**Bappebti**") to the Financial Services Authority (*Otoritas Jasa Keuangan* or "**OJK**"). This transition integrates digital finance and crypto regulation into the same governance framework that OJK applies to banks, insurers, and other financial institutions.

Key Changes

To reinforce market discipline and maintain public confidence in the Financial Technology, Digital Finance, and Crypto Asset ("**Fintech & Digital Assets**" or "**FADA**") sectors, OJK has issued OJK Regulation No. 16 of 2025 on Fit and Proper Tests and Re-Evaluations for Key Parties in the FADA sector ("**POJK 16/2025**")¹, effective 1 October 2025². For the first time, this regulation introduces a mandatory Fit and Proper Test ("**FPT**") for controlling shareholders, directors, commissioners, and other key decision-makers of FADA companies, a requirement previously absent under Bappebti's regime. Under OJK's framework, the FPT is not a mere formality but a binding legal prerequisite for ownership, control, and strategic transactions, including mergers and acquisitions.

As the title indicates, POJK 16/2025 sets out detailed procedures for conducting both initial FPT assessments and re-evaluations of Key Persons (*Pihak Utama*) of FADA providers, including Innovative Credit Scoring Providers (*Pemeringkat Kredit Alternatif*) and Financial Services Aggregation Providers (*Penyelenggara Agregasi Jasa Keuangan*). While OJK has long imposed FPT

requirements on banks, insurers, and other financial institutions, the introduction of such requirements to the crypto and digital finance sectors is the result of the transition of regulatory oversight over the FADA sector from Bappebti to OJK. Prospective shareholders and executives must now prove their integrity, competence, and financial capacity before they may exercise control over a FADA entity.

Revised Criteria for FPT

POJK 16/2025 not only reaffirms OJK's pre-existing regulatory requirements on the conduct of FPT for prospective Key Persons prior to their authorization but also provides a more comprehensive and detailed framework governing the FPT process. These requirements were previously stipulated in brief and general terms under OJK Regulation No. 27/2024 on the Operation of Digital Financial Asset Trading Including Crypto Assets, OJK Regulation No. 29/2024 on Innovative Credit Scoring Providers and OJK Regulation No. 4/2025 on Financial Services Aggregation Providers. These assessments are applicable to both individuals and legal entities serving as Key Persons of FADA

¹ Otoritas Jasa Keuangan, *Penilaian Kemampuan Dan Kepatutan Serta Penilaian Kembali Bagi Pihak Utama di Sektor Inovasi Teknologi Sektor Keuangan serta Aset Keuangan Digital dan Aset Kripto* (see <https://ojk.go.id/id/regulasi/Pages/POJK-16-Tahun-2025-Penilaian-Kemampuan-dan-Kepatutan-serta-Penilaian-Kembali-bagi-Pihak-Utama-di-Sektor-ITSK-AKD.aspx>)

² Article 56 of POJK 16/2025

operators, irrespective of whether they are in the process of applying for an OJK business license or have already obtained such a license³. The purpose of the assessments is to ensure that each prospective Key Person satisfies the following criteria⁴:

Criteria	Controlling Shareholders	Directors/ Commissioners
Integrity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Financial Suitability	<input checked="" type="checkbox"/>	
Financial Reputation		<input checked="" type="checkbox"/>
Competence		<input checked="" type="checkbox"/>

Applications must be submitted electronically, supported by detailed documentation. In certain cases, particularly for controlling shareholders, OJK may require a presentation outlining business development plans and strategies for handling potential financial distress⁵. OJK must then issue its decision within 30 (thirty) working days of receiving the complete application documents⁶. Moreover, POJK 16/2025 introduces several revisions to the integrity criteria, as outlined in the comparative table below⁷:

Criteria	POJK 16/2025	Previous Framework
Legal capacity to perform legal acts	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Good morals and ethical conduct	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Commitment to comply with laws and regulations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Commitment to fostering a sound FADA provider	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Not included among parties prohibited from serving as a Key Person	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Criteria	POJK 16/2025	Previous Framework
Obligation to maintain confidentiality of all consumer data and information		<input checked="" type="checkbox"/>

Implications of Non-Compliance with FPT Requirements

Failure to satisfy FPT requirements carries substantial legal and regulatory consequences. A controlling shareholder whose application is rejected will be required to divest their ownership interest and will be deprived of voting rights⁸. Moreover, any appointment of directors or commissioners who fail to meet the requisite standards must be annulled by resolution of the General Meeting of Shareholders⁹.

A prospective Key Person for a management position whose candidacy is rejected may reapply after 6 (six) months, or earlier if nominated for a different position with demonstrable improvements in integrity, financial reputation and/or competence¹⁰. Both entities and individuals that disregard these obligations will be subject to administrative sanctions, which may include written reprimands, monetary penalties, inclusion on the OJK register of disqualified persons, and, in severe cases, revocation of business licenses¹¹. Monetary penalties consist of fines of IDR 100,000 per day for late submission of reports and a fixed fine of IDR 3,000,000 for failure to submit mandatory filings.

Regulatory Re-Evaluations of Existing Key Persons

POJK 16/2025 extends beyond the initial FPT by giving OJK comprehensive authority to re-evaluate (*Penilaian Kembali*) individuals already serving as a Key Person.¹² Re-evaluation may be conducted when there is substantiated evidence of misconduct that encompasses, among others: issuing unlawful instructions, concealing regulatory violations, obstructing OJK oversight, criminal convictions, or bankruptcy declarations.¹³

³Article 3 (3) of POJK 16/2025

⁴Article 4 of POJK 16/2025

⁵Article 13 of POJK 16/2025

⁶Article 23 of POJK 16/2025

⁷Article 5 of POJK 16/2025, Article 13 (5) of POJK 29/2024 and Article 13 (5) of POJK 4/2025

⁸Article 24 of POJK 16/2025

⁹Article 28 of POJK 16/2025

¹⁰Article 29 of POJK 16/2025

¹¹Article 31 of POJK 16/2025

¹²Articles 32–35 of POJK 16/2025

¹³Articles 33 – 34 of POJK 16/2025

The re-evaluation process entails verification of supporting evidence, requests for clarification from the relevant individual, and a determination of continued eligibility to serve.¹⁴ In cases of serious violations, such as confirmed criminal offenses or insolvency, OJK may dispense with intermediate procedural stages and issue an immediate decision.¹⁵

An individual who fails a re-evaluation may be prohibited from serving as a Key Person or from holding shares in financial institutions for periods of three, five, or up to 20 years, depending on the severity of the breach.¹⁶ For instance, a controlling shareholder would be required to divest their shareholding within one year,¹⁷ with non-compliance resulting in an extended prohibition of 20 years and suspension of dividend rights.¹⁸ Key managers who fail re-evaluation, on the other hand, must resign within three months,¹⁹ while affiliated parties complicit in misconduct may also be subject to sanctions.²⁰

Implications for Acquisitions and Changes in Control

In light of the foregoing, the OJK's FPT is a mandatory prerequisite for any party seeking to acquire, directly or indirectly, a controlling interest in a FADA-sector business.²¹ The provision creates significant implications for strategic investors, private equity sponsors, and corporate groups, namely:

- 1. Regulatory approval as a condition precedent.** Any proposed acquisition, merger, or change in control must incorporate the FPT process as a mandatory closing condition to mitigate the risk of post-transaction disqualification or unwinding.
- 2. Enhanced regulatory due diligence on acquirers.** Target entities must verify that prospective controlling shareholders satisfy OJK's integrity, competence, and financial soundness criteria, as a failure to obtain approval triggers mandatory divestment,²² suspension of voting rights, and potential administrative sanctions.

3. Supervisory discretion embedded into M&A execution. OJK retains the discretion to require clarifications and presentations from prospective controlling shareholders²³ and to issue an adverse determination if any criterion is not met, effectively integrating the supervisory approval process into the critical path of corporate acquisitions.

POJK 16/2025 makes regulatory scrutiny inseparable from change of ownership and control, ensuring only qualified parties hold significant influence over FADA-sector businesses. For investors and acquirers, the FPT now stands as a decisive regulatory checkpoint, one that can determine deal timelines, structure, and even viability. Ignoring it is no longer an option.

Conclusion

POJK 16/2025 underscores OJK's firm commitment to safeguarding consumer interests, preserving market integrity, and cultivating sustainable confidence in Indonesia's digital economy. By imposing stricter qualifications for those who may exercise control or management over entities engaged in FADA-related activities, OJK affirms that financial innovation must be pursued within a framework of prudence and sound governance.

For industry participants, directors and commissioners, this is more than a compliance formality, it is a legal obligation with personal accountability and sanctions for non-compliance. The regulation highlights that board appointments in the ITSK and crypto sector are no longer routine decisions, but strategic positions of responsibility that directly affect market confidence and OJK's expectations of competent, trustworthy leadership in Indonesia's financial sector.

¹⁴Article 36 of POJK 16/2025

¹⁵Article 37 of POJK 16/2025

¹⁶Article 43 of POJK 16/2025

¹⁷Article 44 of POJK 16/2025

¹⁸Article 45 of POJK 16/2025

¹⁹Article 47 of POJK 16/2025

²⁰Article 51 of POJK 16/2025

²¹Articles 2 -3 of POJK 16/2025

²²Article 24 of POJK 16/2025

²³Article 13 of POJK 16/2025

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The article above was prepared by Dentons HPRP's lawyers

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